
SUBLEASE OF RAILROAD EQUIPMENT

dated as of

June 15, 1974

between

7664-B
RECORDATION NO. FILED & RETURNED

OCT 1 1974 11 03 AM

INTERSTATE COMMERCE COMMISSION

HUDSON STRETCH CAR CORPORATION

as Lessee

and

VERMONT RAILWAY, INC.

as Sub-lessor

SUBLEASE OF RAILROAD EQUIPMENT dated as of
June 15 , 1974 between HUDSON STRETCH CAR CORPORATION,
a New York Corporation ("Hudson Lessee") and VERMONT
RAILWAY, INC., a Vermont Railway Corporation ("Vermont")

WHEREAS:

A. Hudson Lessee has entered into a Lease
of Railroad Equipment (the "Equipment Lease") of even
date herewith, with United States Trust Company of New York
(the "Lessor") as Trustee under the Trust Agreement
dated as of June 15, 1974 (the "Trust Agreement") with
General Electric Credit Corporation ("GECC"), pursuant
to which Hudson Lessee has agreed to lease from the Lessor
up to three hundred 50 foot-50 ton Box Cars (each of which
is hereinafter called a "Unit" and all Units are collectively
called the "Equipment") as each Unit is completed and accepted
pursuant to the terms of a Rehabilitation Agreement dated
as of June 15, 1974 between Whittaker Corporation,
Berwick Forge and Fabricating Division (the "Builder") and
United States Trust Company of New York as Trustee under the
Trust Agreement (the "Rehabilitation Agreement").

B. Pursuant to the terms of the Equipment
Lease, (a conformed copy of which, together with conformed
copies of all documents referred to therein, have been delivered

to Vermont), Hudson Lessee has the right to sublet each of the Units to Vermont pursuant to the terms of this Sublease.

NOW, THEREFORE, the parties agree as follows:

Section 1. Sublease of Units, Delivery and Acceptance:

(a) Hudson Lessee hereby agrees to sublease to Vermont hereunder, and Vermont hereby agrees to sublease from Hudson Lessee hereunder, each Unit delivered to Lessor by the Builder and leased from Lessor by Hudson Lessee pursuant to the Equipment Lease. Delivery by Hudson Lessee to Vermont of any Unit pursuant to this Sublease shall be deemed to occur simultaneously with the delivery of such Unit by Lessor to Hudson Lessee under the Equipment Lease, and each such delivery shall be evidenced by the execution by Hudson Lessee and Vermont of a Sublease Supplement (in the form annexed hereto as Exhibit A) with respect to such Unit.

(b) As provided in Section 2(c) of the Equipment Lease, each Unit is to be delivered by Lessor to Hudson Lessee at the point or points within the United States of America at which such Unit is delivered to Lessor by the Builder. The Certificate of Acceptance of such Unit, deliverable under the Rehabilitation Agreement, is to be signed by one employee or designee of Hudson Lessee and one employee of The Procter & Gamble Company ("P&G"), as the authorized representative of the Lessor. Vermont agrees that in the event that delivery of any Unit shall be

accepted by the execution of a Certificate of Acceptance thereof by both such representatives, such acceptance shall without any further act, irrevocably constitute acceptance by Vermont of such Unit for all purposes of this Sublease.

Section 2. Permitted Use of Subleased Units.

(a) Simultaneously with the execution of this Sublease, Vermont is entering into a written agreement with P&G, of even date herewith, a copy of which is annexed hereto as Exhibit B (the "Dedicated Service Agreement"), pursuant to which Vermont has assigned to P&G, for its exclusive use, each Unit subleased and to be subleased hereunder, for a period from the date of delivery of such Unit to Vermont hereunder until the twelfth anniversary of the Final Delivery Date (as that term is defined in the Equipment Lease) and P&G has agreed to retain such Units, as assigned cars in dedicated service to P&G, for said entire term.

(b) Vermont warrants, represents and covenants that:

(i) Vermont is a subscriber to the Interchange Agreement of the Association of American Railroads ("AAR"), and the Car Service and Car Hire Agreement of the AAR, and will remain a Subscriber to

each of such Agreements and to any successor, supplemental or amendatory agreements thereto, during the term of this Sublease;

(ii) the Dedicated Service Agreement has been duly and validly executed and delivered by Vermont, and, to the best of Vermont's knowledge, information and belief, is the valid and binding obligation of Vermont, enforceable in accordance with its terms;

(iii) the Dedicated Service Agreement fully complies with the Rules of the AAR and in particular with the provisions of Rule 16 of the Code of Car Service Rules - Freight of the AAR, to the best of the knowledge, information and belief of Vermont; and

(iv) Promptly following the execution of this Sublease and in any event prior to the delivery of any Unit hereunder, Vermont, without expense to Hudson Lessee, will take all such action as may be required to maintain the timely filing of all reports required by the Rules of the AAR, including Rule 16 of the Code of Car Hire Rules - Freight.

(c) Except as herein otherwise expressly provided, Vermont will use and employ each Unit subleased hereunder solely

for the purpose of assigning each Unit for the exclusive use of P&G to fulfill Vermont's obligations under the Dedicated Service Agreement. Simultaneously with the delivery of each Unit to Vermont hereunder, Vermont will deliver the same to P&G under the Dedicated Service Agreement, and Vermont will maintain the assignment of such Unit to P&G under the Dedicated Service Agreement until the day preceding the last day of the Term of this Sublease.

(d) Vermont shall not permit P&G, in utilizing Units pursuant to the Dedicated Service Agreement, to employ any Unit in service involving the predominant use thereof outside the United States of America.

(e) Under the Dedicated Service Agreement, Vermont has the right to remove any Unit from the Dedicated Service Agreement if such Unit has not been engaged in revenue service for 15 days in any 30 day period (exclusive of days when such Unit was at a repair facility of Vermont being repaired) provided that the Lessor has consented to such removal from the Dedicated Service Agreement, and the other conditions specified in the Dedicated Service Agreement have been met. Vermont shall exercise such right, when and as requested by Hudson Lessee, but not otherwise, and upon the delivery of such Unit by P&G to Vermont following such removal from the Dedicated Service Agreement, Hudson Lessee may terminate the sublease hereunder of such

Unit to Vermont, or otherwise instruct Vermont as to the permitted use thereof during the balance of the term of this Sublease.

Section 3. Rent.

(a) Vermont agrees to pay to Hudson Lessee as rent for each of the Units subleased hereunder (the "Rent"), Ninety-Six and One Half Percent (96.5%) of all car hire payments (including per diem and mileage charges) and other payments of whatsoever nature collected by Vermont, during the term of this Sublease or thereafter, from railroads or others on account of the use of any of the Units.

(b) The Rent to be paid by Vermont to Hudson Lessee hereunder shall be paid by Vermont within thirty (30) days after collection of car-hire or other payments from railroads or others.

(c) Vermont shall use its best efforts to promptly collect all charges due from other railroads in accordance with the Rules and Regulations of the AAR and pursuant to the Dedicated Service Agreement. The expenses in connection with said collections shall be borne by Vermont, and Vermont shall employ sufficient personnel, as may reasonably be required by Hudson Lessee, to determine and collect said charges. Vermont shall take all such legal action, including arbitration proceedings, as Hudson Lessee may request, at the

expense of Hudson Lessee, to collect any unpaid charges with respect to any Units. Hudson Lessee may require Vermont to employ or secure the services of traveling car accountants, whose salaries and expenses shall be paid for solely by Hudson Lessee by reimbursement to Vermont. Vermont shall not grant reclaim or "relief" rights to any railroad, except as required by the applicable rules of the AAR or successor organization, or otherwise waive or excuse charges for any Unit without the prior written consent of Hudson Lessee.

(d) Vermont shall provide Hudson Lessee with all such reports and information as Hudson Lessee may from time to time reasonably request with respect to utilization of the Units, revenues due, and collections made, and with respect to location or physical condition of the Units, and Hudson Lessee shall have all rights set forth in Section 14 hereof with respect thereto.

(e) Upon expiration or earlier termination of this Sublease for any reason, Vermont shall be obligated to use its reasonable best efforts to collect all car-hire charges then due or which thereafter may become due from railroads or others for the use of each Unit (i) until such Unit has been returned to Hudson Lessee as provided in Section 6(a) hereof and all revenues and charges due with respect to such Unit up to said return date shall have been collected by Vermont and all Rents due to Hudson Lessee by reason of such collections have been paid to Hudson Lessee, or (ii) until Hudson Lessee shall have notified Vermont that Hudson Lessee no longer wishes Vermont to collect said revenues and charges.

Section 4. Term of Sublease.

(a) The term of this Sublease with respect to each Unit (the "Term") shall commence on the delivery of such Unit to Vermont as aforesaid, and, unless earlier terminated as herein provided, shall end on the twelfth anniversary of the Final Delivery Date (as said expression is defined in the Equipment Lease.)

(b) Notwithstanding the foregoing provisions of this Section 4, Hudson Lessee may terminate the sublease of any Unit hereunder prior to the expiration date of this Sublease, upon the occurrence of any of the following events:

(i) If, at any time during the term of this Sublease, rules of the AAR or any successor organization are promulgated or interpreted which have the effect of preventing any Unit from being returned to P&G or from being controlled as to routings by P&G under the Dedicated Service Agreement, or otherwise invalidate the Dedicated Service Agreement or interfere with P&G's rights to the exclusive use of the Units during the term of this Sublease, due, directly or indirectly, to the fact that such Units bear the reporting marks of Vermont or are subleased by Vermont hereunder; or

(ii) The Equipment Lease is terminated by Lessor or Hudson Lessee pursuant to the terms thereof or the Equipment Lease is assigned by Hudson Lessee to P&G pursuant to the Agreement of even date herewith between Hudson Lessee, Hudson General Corporation and P&G, a conformed copy of which has been delivered to Vermont;

(iii) As provided in Section 16 hereof,
following the occurrence of an Event of Default; and

(iv) As provided in Section 2(e) hereof.

Section 5. Hudson Lessee's Representations and Warranties. AS BETWEEN HUDSON LESSEE AND VERMONT, VERMONT TAKES THE EQUIPMENT AND EACH UNIT THEREOF AS IS, AND VERMONT ACKNOWLEDGES THAT NEITHER HUDSON LESSEE, NOR LESSOR (WHETHER ACTING AS LESSOR UNDER THE EQUIPMENT LEASE OR IN ANY OTHER CAPACITY) NOR ANY PARTICIPANT OF LESSOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, MERCHANTABILITY, DESIGN, QUALITY, DURABILITY, OPERATION OR FITNESS FOR USE OR PURPOSE OF THE EQUIPMENT, OR ANY UNIT THEREOF, OR ANY COMPONENT PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT, OR ANY UNIT THEREOF, OR COMPONENT PART THEREOF OR OTHERWISE, EXCEPT ONLY THAT HUDSON LESSEE WARRANTS TO VERMONT THAT HUDSON LESSEE HAS GOOD AND SUFFICIENT RIGHT TO SUBLEASE SUCH EQUIPMENT TO VERMONT.

Section 6. Disposition of Units Upon Termination.

(a) Return of Units. Upon the expiration of the Term for any Unit, or upon the earlier termination of this Sublease with respect to any Unit as provided in Section 4 hereof, Vermont will return such Unit to Hudson Lessee or its designee upon such storage tracks of Vermont as Vermont can make available, at no charge to Hudson Lessee,

Vermont shall permit Hudson Lessee, or its designee, to store such Unit on such tracks for a period not to exceed three months and shall transport the same or cause the same to be transported, if so directed by Hudson Lessee or its designee, at any time within such three-month period, to any place or places on the lines of railroad track operated by, or leased for the purpose by Vermont, or to any connecting carrier for shipment, as directed by Hudson Lessee or its designee. Hudson Lessee shall reimburse Vermont for rental incurred by Vermont for track leased by Vermont for such storage. During any such storage period Vermont will permit Hudson Lessee or its designee to inspect any Unit, either directly or through any person or persons designated by Hudson Lessee or its designee, including any authorized representative or representatives of any prospective purchaser or lessor of such Unit; provided, however, that Vermont shall not be liable, except in the case of intentional act of Vermont or any of its respective agents and employees, for any injury to, or death of, any person exercising, either on behalf of Hudson Lessee or its designee or any prospective purchaser or lessee, the rights of inspection granted hereunder. The assembling, delivery, storage and transporting of the Units as hereinabove provided are of the essence of this Sublease and upon application to any court of equity having jurisdiction with respect thereto, Hudson Lessee or its designee shall be entitled to

seek specific performance to so assemble, deliver, store or transport the Units. At the time of such return, each Unit shall be free and clear of all liens arising out of any act or omission of Vermont.

Section 7. Liens.

Vermont will not directly nor indirectly create, incur, assume or suffer to exist any lien on, or with respect to any Unit, title thereto or interest therein, arising out of any act or omission of Vermont.

Vermont will promptly notify Hudson Lessee in writing of the existence of any lien, to its knowledge, on any Unit (other than liens which arise under the Equipment Lease, the Trust Agreement, or any security documents filed pursuant thereto), no matter how the same arose. If the lien arose out of any act or omission of Vermont, Vermont shall cause such lien to be fully discharged, dismissed and removed as soon as possible, but in any event within thirty days after the existence of the same first became known to Vermont.

Section 8. Taxes.

(a) Vermont shall promptly notify Hudson Lessee of any taxes, assessments or other governmental charges of which Vermont has knowledge, actually imposed upon or assessed against, any of the Units, or Vermont, or Hudson Lessee arising out of their respective possession, operation or ownership of the Units, or the rentals, receipts or earnings arising therefrom, for whatever reason.

(b) Hudson Lessee shall have the right to protest,

defend or otherwise attempt to discharge any such taxes, assessments or other governmental charges either in the name of Vermont or Hudson Lessee.

(c) Subject to subsections (d) and (e) of this Section 8, Hudson Lessee agrees to indemnify Vermont, or to pay on Vermont's behalf, all taxes (including any taxes assessed by the State of Vermont) or similar assessments finally determined to have arisen out of the possession or operation of the Units, including any excise taxes assessed on any mileage earnings; provided, however that Hudson Lessee shall not be liable for any taxes payable by Vermont based upon or measured by the net income of Vermont, nor any rents or other similar charges payable by Vermont under its agreement with the State of Vermont.

(d) If Vermont shall fail to give prompt notice to Hudson Lessee pursuant to Section 8(a) so that, by reason thereof, Hudson Lessee is prevented from successfully obtaining a determination of non-liability for such tax, assessment or other governmental charge, Hudson shall not be liable

to indemnify Vermont with respect to any such taxes, assessments or charges, and Vermont shall indemnify Hudson Lessee for any liability incurred by Hudson Lessee for any such taxes, assessments or charges, to the extent that Hudson Lessee has suffered damage thereby from any such omission by Vermont.

Section 9. Repairs and Alterations.

(a) Hudson Lessee shall be chargeable for maintenance of, and repairs to the Units necessary to cause each Unit to be maintained, serviced and repaired in compliance with any applicable requirements of law (and in particular, without limiting the generality of the foregoing, the standards then in effect under the Interchange Rules of the AAR, and all lawful rules of the Department of Transportation and Interstate Commerce Commission).

(b) Vermont shall, where necessary, arrange for the performance of all repairs and maintenance to be performed on the Units to meet the requirements set forth in Section 9(a).

(c) While any Unit is under Vermont's actual operation or control, Vermont will not use or operate or permit such Unit to be used or operated in violation of any rules,

regulations or orders of any government or governmental authority having jurisdiction or of the AAR.

(d) Vermont shall directly notify Hudson Lessee of all alterations, modifications and additions to any Unit which, within Vermont's knowledge, may be required from time to time to meet the requirements of law, or of the AAR, or of any foreign, federal, state or local governmental authority having jurisdiction.

Section 10. Loss, Destruction, Condemnation or Damage.

(a) If any of the following events shall occur with respect to any Unit:

(i) receipt by Vermont of knowledge as to the actual or constructive total loss or destruction of any Unit;

(ii) the condemnation, confiscation or seizure of or requisition of title to such Unit by any governmental authority for a determinate period exceeding six (6) months, or, if for an indeterminate period, which shall have resulted in the loss of use of such Unit by P&G under the Dedicated Service Agreement for a period of thirty (30) consecutive days;

(any of such events being herein called an "Event of Loss"), Vermont shall promptly give written notice of such Event of Loss to Hudson Lessee, but in no event later than three (3) days after the occurrence of such Event of Loss.

(b) Upon the occurrence of an Event of Loss:

(i) Vermont shall take all action reasonably requested by Hudson Lessee to collect the amount due in connection with such Event of Loss and 100% of all funds so collected shall be remitted, without deduction or offset, to Hudson Lessee; and

(ii) The Sublease of such Unit hereunder shall terminate but Vermont shall take all reasonable action to collect any unpaid car-hire charges for such Unit from railroads or others and to pay over the same to Hudson Lessee in accordance with Section 3 hereof.

Section 11. Insurance.

Hudson Lessee will procure and maintain at its own expense during the term of this Sublease, such public liability and property damage insurance, and other insurance, for each of the Units as is required by Section 15 of the Equipment Lease. Vermont will be named as a loss payee in each such policy, as its interests shall appear. The full cost of such insurance shall be borne by Hudson Lessee.

Section 12. Reports and Recording.

(a) Promptly following the execution of this Sublease and in any event prior to the delivery of any Unit hereunder, Hudson Lessee will cause this Sublease to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20(c) of the Interstate Commerce Act and this Sublease to be deposited with the Registrar General of Canada in accordance with Section of the Canadian Railway Act (and notice of such deposit to be given in the "Canada Gasette" pursuant to said Section). Hudson Lessee will further duly file and ~~record and deposit~~ as aforesaid, any amendment or supplements hereto (and with regard to any Sublease Supplement, prior to delivery and acceptance of any Units referred to therein) and refile and re-record or re-deposit any of the foregoing as may be necessary. Hudson Lessee will promptly furnish to Vermont certificates or other evidences of such filing and recording or deposit and re-filing and re-recording or re-depositing. Vermont shall do and perform all acts and will execute, acknowledge, deliver, file, register, deposit and record (and will re-file, re-register, re-deposit, and re-record whenever necessary) and any and all further instruments (including UCC financing statements) required by law as reasonably requested by Hudson Lessee for the purpose of obtaining the proper protection of Hudson Lessee's interest in the Units and its rights under this Sublease or for the purpose of carrying out the intention of the Sublease.

Section 13. Events of Default under Equipment Lease:

(a) Vermont has received a conformed copy of the Equipment Lease and is aware of each of the obligations of Hudson Lessee under the Equipment Lease. During the Term, Vermont will not knowingly take, or omit to take any action with respect to any Unit, or suffer or permit any action to be taken or omitted to be taken with respect to any Unit, if the effect thereof is to cause or contribute to the occurrence of an Event of Default under the Equipment Lease.

(b) Without limiting the foregoing provisions of this Section 13, Vermont shall perform each of the obligations imposed upon Hudson Lessee pursuant to Section 11, Identification Marks, to number and mark each Unit, to the same extent as if each of such obligations were imposed hereunder upon Vermont.

Section 14. Inspection, Records and Reports.

At all reasonable times, Hudson Lessee or its authorized representatives may inspect any Unit and audit the books and records of Vermont relating to the Units, the use, interchange or operations thereof, and the collection of all charges due with respect thereto, and compliance by Vermont with the terms, covenants and conditions of this Sublease. Vermont will maintain, and, at such times as Hudson Lessee may reasonable request, furnish to Hudson Lessee, accurate records, to the extent available to Vermont,

regarding the condition and state of repair of each Unit and any alterations thereto, and regarding the use, interchange and operation of the Units, revenues or charges due and collections made. Hudson Lessee shall have no duty to make any such inspection or inquiry, and shall not incur any liability or obligation by reason of not making any such inspection or inquiry. To the extent permissible, Vermont will prepare and file in timely fashion or, where Hudson Lessee or Lessor is required to file, prepare and deliver to Hudson Lessee and Lessor for filing, within a reasonable time prior to the date for filing, any reports with respect to the condition or operation of any Unit during the Term which Vermont has knowledge are required to be filed with any foreign, federal, state or other governmental or regulatory authority.

In addition, on or before March 31 in each year, commencing with the calendar year 1975, Vermont will furnish to Hudson Lessee an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then subleased hereunder; the amount, description and numbers of all Units that have suffered an Event of Loss or are then undergoing repairs on Vermont's right of way (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or part thereof) and such other information

(d) Vermont shall cease to be a Subscriber to the Car Service and Car Hire Agreements and Interchange Agreement of the AAR or like agreements of any successor organization, or

(e) The Agreement between Vermont and the State of Vermont, under which Vermont has the right to operate a railroad over property acquired by the State of Vermont from Rutland Railroad Corporation, shall be terminated, or for any other reason Vermont shall lose such right; or

(f) Any representation or warranty made by Vermont in any document or certificate furnished to Hudson Lessee in connection herewith or pursuant hereto shall be incorrect when made in any material respect, and such condition shall continue unremedied for a period of fifteen (15) days after written notice thereof by Hudson Lessee; or

(g) Vermont shall become insolvent or bankrupt or unable to pay its debts as they come due or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Vermont or for a substantial part of Vermont's property, or any of the Units, without

its consent and shall not be dismissed within thirty (30) days from such appointment; or bankruptcy, reorganization, arrangement, or insolvency proceedings shall be instituted by or against Vermont and, if instituted against Vermont, shall not be dismissed within thirty (30) days from such appointment.

Section 16. Remedies.

Upon the occurrence of any Event of Default, and at any time thereafter so long as the same shall be continuing, Hudson Lessee may, at its option, declare this Sublease to be in default; and at any time thereafter, so long as Vermont shall not have remedied all outstanding Events of Default, Hudson Lessee may, at its election:

(a) Demand that Vermont, and Vermont shall upon the written demand of Hudson Lessee, promptly relinquish possession to Hudson Lessee of the Equipment, or such Unit or Units thereof as Hudson Lessee may demand, in the manner and condition required by, and otherwise in accordance with all the provisions of Section 6(a) hereof, as if such Equipment or Unit or Units were being returned upon expiration of the Term with respect thereto; and/or

(b) Hudson Lessee may terminate the Sublease with respect to the Equipment or any Unit or Units thereof and may exercise any other rights or remedies which may be

available to it under applicable law and proceed by appropriate proceedings at law or in equity to enforce the terms hereof, to recover damages for the breach hereof, to rescind this Sublease, or to obtain any other available remedy.

In addition, Vermont shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies taken after the occurrence of an Event of Default, including all costs and expenses incurred in connection with the return of possession of any Unit to Hudson Lessee in accordance with Section 6(a) hereof (including all storage charges on leased track),

Section 17. Assignment or Sublease.

(a) Without the prior written consent of Hudson Lessee, Vermont will not assign any of its rights hereunder, or sublet or otherwise permit the Equipment or any Unit thereof to be operated or used by, or in the possession of, anyone other than P&G under the Dedicated Service Agreement.

(b) Hudson Lessee may at any time assign all of its right, title and interest hereunder, or any part thereof, to any other person upon notice to Vermont.

Section 18. No Set-Off or Counterclaim by Vermont:

Vermont shall pay all Rent and any other amounts owing hereunder on the due date thereof to Hudson Lessee or to

such other person as Hudson Lessee may from time to time designate in writing. Vermont's obligation to pay all Rent payable hereunder shall be absolute and unconditional and shall not be affected or reduced by nor be subject to any circumstance, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which Vermont may have for the Equipment, except only for reimbursement to Vermont for maintenance and repairs to the Units if foreign line car repair bills for the Equipment, forwarded to Vermont by other railroads and paid by Vermont, remain unreimbursed to Vermont for a period of 30 days.

Section 19. Hudson Lessee's Right to Perform for Vermont:

(a) If Vermont fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Hudson Lessee may itself make such payment or perform or comply with such agreement after giving Vermont five (5) days prior written notice thereof, and the amount of such payment and the amount of the reasonable expenses of Hudson Lessee incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of 10% per annum, shall be deemed Supplemental Rent, payable by Vermont to Hudson Lessee upon demand.

(b) Without in any way limiting the obligations of Vermont hereunder, at any time at which Vermont is obligated, pursuant to Section 6(a) hereof, to deliver possession of the Equipment or any Unit thereof to Hudson Lessee and Vermont fails to do so, in such event, Vermont hereby irrevocably appoints Hudson Lessee as its agent and attorney with full power and authority to demand and take possession of such Equipment or Unit or Units thereof in the name and on behalf of Vermont from whomsoever shall be at the time in the possession thereof.

Section 20. Subordination of Sublease.

This Sublease shall always be subject and subordinate to all liens created by or pursuant to the Trust Agreement or any security document relating thereto, and to all of Lessor's rights with respect to the Equipment or any Unit or Units thereof pursuant to the Equipment Lease. To the extent that the terms and provisions of this Sublease are inconsistent with the terms of the Equipment Lease with respect to any matter affecting the rights or interests of the Lessor under the Equipment Lease, the terms and provisions of the Equipment Lease shall prevail.

Section 21. Notices.

All notices required to be given hereunder shall be in writing and shall be deemed to have been given when deposited in the United States mails, first class, registered or certified, postage prepaid, addressed as follows:

(a) If to Hudson, to it at One Linden Place,
Great Neck, New York 11021, Attn: Jay B. Langner, President,
with copy to: Fried, Frank, Harris, Shriver & Jacobson,
Attn: Herbert Hirsch, Esq.

(b) If to Vermont, to it at 267 Battery Street,
Burlington, Vermont, Attn: Jay L. Wulfson, President
with copy to: Samuelson, Bloomberg, Portnow & Schuster, Ltd.,
attention: Samuel S. Bloomberg, Esq., 117 St. Paul Street,
Burlington, Vermont 05401.

Section 22. Miscellaneous.

Any provision of this Sublease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Sublease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement or the change, waiver, discharge or termination is sought. This Sublease shall constitute an agreement of sublease, and nothing herein shall be construed as conveying to Vermont any right, title or interest in any Unit except as a sub-lessee only. All computations of interest and amounts equivalent to interest under this Sublease shall be made on the basis of a 360-day year of twelve 30-day months. Notwithstanding any provision hereof to the contrary, any payment of Rent

due on a day which is not a business day may be paid on the next day which is a business day. The Index preceding this Sublease and the captions in this Sublease are for convenience or reference only, and shall not define or limit any of the terms or provisions hereof. This Sublease shall be binding upon and enforceable against the parties hereto and their respective successors and assigns, and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance, without giving effect to the principles of conflicts of laws, and Vermont hereby consents to the jurisdiction of the courts of the State of New York for any lawsuit arising under or in connection with this Agreement, and agrees that service on Vermont may be effected by mailing process, by registered or certified mail, return receipt requested, to Vermont at the address set forth in Section 21 hereof. This Sublease may be executed simultaneously in two or more counterparts, each of which so executed shall be deemed to be an original against the party whose signature appears thereon, but all of which together shall constitute one and the same instrument. To the extent, if any, that this Sublease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Sublease may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by Hudson Lessee on the signature page thereof.

IN WITNESS WHEREOF, Hudson Lessee and Vermont
have each caused this sublease Agreement to be duly executed
as of the day and year first above written.

Attest:

As its:

SUBLESSOR:

HUDSON STRETCH CAR CORPORATION

By

As its:

SUBLESSEE:

VERMONT RAILWAY, INC.

Attest:

As its:

By

As its:

*Receipt of this original counterpart of the
foregoing Sublease is hereby acknowledged on this
day of , 1974.

HUDSON STRETCH CAR CORPORATION

By:

*This language contained in the original counterpart only.

SUBLEASE SUPPLEMENT NO.

This SUBLEASE SUPPLEMENT NO. ____, dated _____, 1973, by and between HUDSON STRETCH CAR CORPORATION, a New York corporation, as sublessor (herein called "Hudson Car") and VERMONT RAILWAY, INC., a Vermont Railway Corporation (herein called "Vermont") as sublessee:

W I T N E S S E T H:

WHEREAS, Hudson Car and Vermont have heretofore entered into a certain Sublease of Railroad Equipment dated as of _____, 1974 (herein called the "Sublease", the terms defined therein being used herein with the same meanings), which Sublease provides for the execution and delivery of Sublease Supplements substantially in the form hereof, for the purposes of identifying the specific Units of railroad equipment subject to the Sublease and of subleasing the same under, and in accordance with the terms of the Sublease as and when such Units are delivered by Hudson Car to Vermont in accordance with the terms thereof.

WHEREAS, the Sublease relates to the specific Units of railroad equipment described herein, all of which Units have been leased to Hudson Car pursuant to a certain Lease of Railroad Equipment dated as of June 15, , 1974 (herein

called the "Equipment Lease") between Hudson Car, as lessee, and United States Trust Company of New York, a New York corporation (not in its individual capacity but solely as Trustee), as lessor, a counterpart of said Equipment Lease having been filed with and recorded by the Interstate Commerce Commission on _____, 1974, and assigned recordation number _____ [and Lease Supplements Nos. _____ and _____ to the Equipment Lease having also been filed with and recorded by the Interstate Commerce Commission on _____ and _____, and assigned recordation numbers _____ and _____, respectively].

WHEREAS, a counterpart of the Sublease has been filed with and recorded by the Interstate Commerce Commission on _____, 1974, and assigned recordation number _____ [and Sublease Supplements Nos. _____ and _____ thereto have also been filed with and recorded by the Interstate Commerce Commission on _____ and _____, and assigned recordation numbers _____ and _____, respectively].

NOW, THEREFORE, in consideration of the premises and intending to be legally bound hereby, Hudson Car and Vermont hereby agree as follows:

1. Hudson Car hereby delivers and subleases to Vermont under the Sublease, and Vermont hereby accepts and subleases from Hudson Car under the Sublease, the Units of railroad equipment described below:

2. The Delivery Date for such Units is the date of this Sublease Supplement, being the day and year first set forth above.

3. The Term of the Sublease with respect to such Units shall commence on the date hereof and shall end on the twelfth anniversary of the Final Delivery Date, unless earlier terminated pursuant to the provisions of the Sublease.

4. Vermont hereby confirms its agreement to pay Rent to Hudson Car throughout the Term of the Sublease in accordance with the provisions of Section 3 of the Sublease.

5. Vermont hereby confirms to Hudson Car that such Units have been duly marked in accordance with the terms of Section 13(b) of the Sublease, and that Vermont has accepted such Units for all purposes hereof and of the Sublease; provided, however, that nothing contained herein or in the Sublease shall in any way diminish or otherwise affect any right which Vermont or Hudson Car may have with respect to such Units against the Builder under the Rehabilitation Agreement or otherwise.

6. All the terms and provisions of the Sublease Agreement are hereby incorporated by reference in this Sublease Supplement to the same extent as if fully set forth herein.

7. This Sublease Supplement has been delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

8. To the extent, if any, that this Sublease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Sublease Supplement may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by Hudson Car on the signature page thereof.

IN WITNESS WHEREOF, Hudson Car and Vermont have caused this Sublease Supplement to be duly executed as of the day and year first set forth above.

SUBLESSOR:

HUDSON STRETCH CAR CORPORATION

Attest:

By _____
As its:

As its:

SUBLESSEE:

VERMONT RAILWAY, INC.

Attest:

By _____
As its:

As its:

